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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

REPORT NO. [REDACTED]

CD NO. [REDACTED]

COUNTRY Germany (Russian Zone)

DATE DISTR. 9 Mar 1949

SUBJECT Efforts to Equalize High
Prices of Western Zone Goods

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SUPPLEMENT TO
REPORT NO.

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The following is a translation of a letter signed by Krüger and Friedrich for the Deutsche Handels-Gesellschaft Berlin (Landesdirektion Brandenburg), but written on stationery of the Brandenburgisches Industrie-Kontor, Abteilung Interzonen- und Aussenhandelsbüro.

To the State Price Control Office
Potsdam
Alte Zauche

Attn: Mr. Bialk

12 January 1949

Re: Payment for merchandise deliveries on basis of western-zone prices.

Following is a summary of our conversation with you on the above subject:

On the basis of instructions received from [REDACTED] offices of the State Government and approved by [REDACTED] we are obliged for the sake of maintaining our production to import from the western zones materials which are very difficult to obtain elsewhere. These materials are charged to us on the basis of west German prices adapted to the world market, and in some instances are considerably above the limits prescribed by the price ceiling order. According to the instructions of DWK, Hauptverwaltung Interzonen- und Aussenhandel, as well as Hauptfinanzverwaltung Berlin, we are endeavoring to equalize these higher prices for deliveries from the west by raising the manufacturing prices of our shipments accordingly. However, there is a limit to this increase in price because the articles manufactured in Brandenburg for such interzonal

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30-40 per cent in order to be able to compete in the western zones. These sales refer mainly to articles made of glass and ceramics, as well as textiles for men's clothing (Meterware). Purchases of sheet iron, wire, nails, non-ferrous metals, etc., from western Germany partly require prices which are 150-200 per cent above the ceiling prices of SBZ, and thus cannot be

are not permissible. Since the importation of the above-mentioned articles is absolutely essential for the maintenance of our production while on the other hand, the firms which import these articles under the present risky and very difficult conditions of interzonal trade cannot be exposed to the danger of disobeying the

The final object ought to be an equalization of these higher prices either by subsidies or by placing these purchases at the disposal of offices which can support these prices without danger to the general price level.

It was agreed that you will discuss this matter with the finance administration and get in touch with Mr. Simon of the Kontingentabteilung for a settlement of these purchases as outlined above.

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DDA Memo, 4 Apr 77

Auth: DDA REG. 77/1763